

STATE OF COLORADO

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FOR IMMEDIATE RELEASE

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Vacancy, Rental Rates Inch Up.

The apartment vacancy rate in the Colorado Springs Metro area increased to 11.3 percent for the third quarter, up from 10.3 percent for the second quarter. The vacancy rate for the third quarter last year was 10.3 percent. Generally, there is an expected decrease in the vacancy rate of the third quarter due to seasonal factors.

Although the vacancy rate has inched up, rental rates have continued to increase. The average rental rate for all apartment units increased to \$695.36 for the third quarter of 2006, up from \$687.44 for the second quarter of 2006. For the third quarter of 2005, the average rate was \$684.16. The median rental rate for all units increased to 682.80 from 660.58 for the second quarter. The rate during the third quarter, 2005 was 670.44.

Troop in-movements continue to be a key factor for the variability in the vacancy rate, and average rents continue to fluctuate because of the dynamic nature of the Colorado Springs Metropolitan Area economy. An increase in both vacancies and rental rates may indicate that property owners expect a strengthening in the rental market. Vacancy rates had declined for three straight quarters through the second quarter of 2006 prompting expectations that the rental market would continue to tighten. Although vacancy rates have increased slightly this quarter, the increase in rental rates may indicate that property owners still expect the coming troop relocations and the general strengthening of the economy to drive more occupancy in apartment units throughout the region.

According to preliminary statewide vacancy numbers from the Colorado Division of Housing, Colorado Springs vacancy rates are still relatively high. The Denver Metro vacancy rate is 6.7 percent for the current quarter with Fort Collins and Pueblo at 8.1 percent and 8.0 percent respectively.

In general, a five percent rate is regarded as an equilibrium vacancy rate by industry standards. The current vacancy rate suggests that the Colorado Springs Metropolitan Area market is still significantly above the supply and demand equilibrium.

The Colorado Springs Metropolitan Area Vacancy and Rent Survey reports averages and, as a result, there are often differences in rental and vacancy rates by size, location, age of building, and apartment type. All information is based on data received for the month of September, except for resident turnover, which is for the month of August.

The Report is available online at the Division of Housing web site: <http://dola.colorado.gov/doh>

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